GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:1985
ANSWERED ON:11.12.2008
IMPACT OF RECESSION ON AVIATION INDUSTRY
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the global recession has hit hard the Indian airlines industry;

(b) if so,the details thereof; and

(c) the action taken to tackle the situation?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION(SHRI PRAFUL PATEL)

(a)and(b):- The domestic passenger growth has declined to negative 1.94% during the period January to October 2008 as compare to growth of 46.5% and 32.5% in the full calender year 2006 and 2007 respectively.

(c):- To meet the challenges of slow down in the aviation industry,the Government has taken various steps which inter-alia are as under:

(1) Custom duty on import of ATF has been abolished.

(2) The State Governments have been persuaded to reduce the sales tax on ATF.Government of Andhra Pradesh and in certain cases Government of Rajasthan have reduced the sales tax on ATF to 4%. Government of Maharashtra has also reduced sales tax on ATF from 25% to 4% for flights originating from airports other than Pune and Mumbai.

(3) The Oil Companies have also staggered the dues of Airline Companies over six months.

(4) With the fall in global crude prices,the Oil Companies have been reducing ATF prices since September,2008.